



TESTIMONY

**by Edward E. Legasey
Executive Vice President and Chief Operating Officer
SRA International, Inc.**

And

**Vice Chairman
Professional Services Council**

before the

COMMITTEE ON GOVERNMENT REFORM

U.S. HOUSE OF REPRESENTATIVES

April 30, 2003

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Mr. Chairman, members of the committee: my name is Edward Legasey and I am Executive Vice President and Chief Operating Officer of SRA International, Inc. SRA is a leading provider of information technology services and solutions – including strategic consulting; systems design, development, and integration; and outsourcing and operations management – to clients in national security, health care and public health, and civil government markets. SRA delivers business solutions for text and data mining, contingency and disaster response planning, information assurance, enterprise architecture, environmental strategies and technology, network operations and management, and enterprise systems management. I also serve as the elected Vice Chairman of the Professional Services Council, the leading national trade association representing the professional and technical services industry doing business with the federal government. I appreciate the opportunity to testify this morning on behalf of PSC and its more than 145 member companies that perform the full range of services to every agency of the federal government, from information technology development to high-end consulting, engineering, scientific, and environmental services.

I want to express our appreciation to Chairman Davis for his continued leadership on the full range of critical issues associated with government management and procurement, and, in particular, his leadership on initiatives to enhance the partnership between the government and the private sector. That partnership is essential to our government's ability to deliver high quality services to the citizens.

Nowhere is this partnership more evident, however, than when our nation finds itself engaged in a military conflict such as in Iraq. The extraordinary performance of our men and women in uniform was made possible, in part, through this growing partnership. Indeed, several thousands from across our industry sector are also in the region, many in the very theater of operations, working 24 hours a day to ensure that our military forces have the best support possible. It is at times like these that we are continually reminded of our industry's unique responsibilities and very serious service to our armed forces and our nation. Those responsibilities are humbling and taken very seriously.

The passage of the Services Acquisition Reform Act, also referred to as "SARA," will be an important and timely initiative that will enhance and strengthen that critical partnership. PSC strongly supports SARA and is committed to working closely with the committee throughout the legislative process.

The introduction of this legislation comes at a most opportune time. In this fiscal year, the federal government will spend well in excess of \$120 billion on services, nearly half of that in the civilian agencies. In DoD, services spending exceeds hardware purchases, a significant change from a decade ago when the purchases of hardware dominated defense spending. Across the government, while the biggest single category of services acquisitions comes from the information technology arena, the need grows almost daily for a wide range of contemporary solutions, many of which are complex and involve major transformations of processes, changed responsibilities and skill-sets of the workforce. Of course, the use of technology is a key enabler of enhanced performance and efficiency.

This is also an opportune time to pursue new reforms to the acquisition process. As we meet here today, concerns are emerging across industry and within the government about possible regression on the progress in acquisition streamlining and simplification this committee was so instrumental in leading. Last week, PSC released the results of a PSC survey of approximately two-dozen government procurement executives. A copy of our survey report is attached. Among the themes that emerged from that survey was the growing concern of these government professionals about continued support for and commitment to some of the major reforms contained in the important acquisition reform legislation of the last decade. To the extent execution has been imperfect, it is obviously important to strive for continuous improvement, through training and guidance of the workforce, and occasional modifications to policy. Thus, as we seek to move forward, it is vitally important that we maintain our vigilance to reforms already in place. We cannot allow those important reforms to be reversed in any way.

BEST VALUE

I am particularly dismayed that there seems to be a continuing misunderstanding about the meaning of best value contracting. For example, a number of lawmakers signed a recent letter to OMB Director Mitch Daniels that, in addition to criticizing the administration's emphasis on competitive sourcing, also criticized the administration's proposal to enable the use of best value contracting on a limited subset of public/private competitions. The lawmakers said they preferred a process based on a combination of "cost and quality." Yet that combination is, by definition, best value.

Moreover, best value is an objective process. While the government has the ability to match its acquisition strategy and the relative weights of critical factors to a given requirement, government is also required to score source selection decisions against a set of firm numerics assigned to each weight. It is nothing like the wild west that some seem to believe. Most importantly, it is, by any logical measure, the way virtually everything should be bought. Under the best value construct already contained in the Federal Acquisition Regulation, the full array of options, from low cost/technically acceptable to substantial cost and technical trade-offs, are available. That is the way we make decisions in our personal lives; it is the way we make decisions in the commercial sector; and it is today the way the majority of government acquisitions are made. Only under the OMB Circular A-76 process, that represents less than 1% of all federal procurements, is such a common sense approach not allowed.

We also hear concern from some that in best value decisions, price is not given adequate consideration. There is no data to support such an allegation and, more importantly, the degree to which price is evaluated is, and should be, directly related to the complexity of the agency's requirements and its available resources. In other words, the emphasis varies from procurement to procurement and is clearly a determination that can and must be made solely by

the procuring agency. However, price is always a significant evaluation factor. From our own experience and that of many of my colleagues, I can tell you that far from cost being inadequately considered, we remain concerned that the very discriminators that best value is designed to highlight—past performance, technical capability, management experience and innovation—are all too often not given sufficient consideration. In other words, our experience in the field is quite the opposite of the suggestion that cost is inadequately considered.

With regard to SARA, it appropriately focuses on the three critical pillars of acquisition and management: people, structure and process.

A FOCUS ON PEOPLE

Mr. Chairman, for services companies, people are the most important aspect of our business. The same is true of the federal workforce. Too often, however, the impact of legislative or regulatory actions on the contractor or the federal workforce is ignored or dismissed as immaterial. That is a serious policy mistake when dealing with the federal workforce; for PSC members, it is a prescription for failure. Our focus on people is one of the hallmarks of our industry and one of the reasons why PSC has been a vocal advocate for a well-trained, well-compensated federal acquisition workforce.

SARA properly includes several provisions that address key human capital issues for the federal acquisition workforce. Among them are provisions in Title I of the bill regarding a funding mechanism to ensure that the federal acquisition workforce has meaningful access to on-going relevant training. A well-educated workforce must be kept current on the latest legislative and regulatory changes; on the changing nature of the industry and the products and services they are acquiring; and on the new systems and techniques for fulfilling their critical assignments. Access to training is frequently a competitive discriminator when the private sector seeks to attract and retain talent in our member companies. It needs to be so for the federal workforce, as well.

There is no lack of opportunity for the federal acquisition workforce, but there are continual resource pressures that, in the current environment, are getting worse. Thus, while we would prefer to see training funding provided through direct appropriations, the truth is that such funds rarely compete successfully in the battle for resources. Despite the good intentions of many, it simply doesn't happen, a fact reiterated repeatedly in the PSC survey of procurement executives.

On the other hand, taking a small percentage of the fees collected through GSA schedule and multiple award contract purchases, as PSC has proposed and the bill recommends, is a logical and important step forward. In so doing, Congress will have taken a significant step in addressing the funding for this important matter.

We recommend that the bill be clarified so that the funds "management" by the Federal Acquisition Institute does not require that FAI conduct the training exclusively in-house or exclude private sector training firms from continuing to provide training under contract to FAI or any federal agency. Similarly, we are confident that during future action on this legislation, attention will be given to the training needs of the Department of Defense acquisition workforce. In addition, there are appropriate metrics that can and should be adopted to ensure that the training is part of a coordinated and appropriately established set of performance objectives -- particularly with respect to services contracting -- and is of demonstrated quality in both content and instructional methods.

We also support the government-industry exchange program described in Title I. Both the government and industry benefit from a well-designed, well-executed professional exchange program. We are aware of a very limited number of circumstances in which federal employees have been able to accept rotational assignments in private sector companies; they have had a significant and positive impact for the employee, their agencies, and the private sector companies. Clearly, federal personnel policy issues must be addressed to make this authority meaningful and appropriate safeguards must be put in place to ensure that such an exchange program does not create any conflicts of interest for either the industry or government personnel involved. The Information Technology Exchange Program enacted in the 2002 E-Gov Act, and incorporated here on a government-wide basis, meets these standards.

A FOCUS ON STRUCTURE

Another key theme of this legislation is a focus on the most appropriate structure for managing the growing responsibilities placed on the federal acquisition system. Section 201 of the bill creates in each agency a chief acquisition officer (CAO).

At PSC, we have worked successfully with the senior procurement executives in many of the federal agencies. They are dedicated people who have a passion for their work and a strong professional commitment to the execution of their agencies' missions. In some cases, these individuals have the power to lead their organizations; in other cases, they are viewed as mere implementers.

The federal government spends \$220 billion on goods and services. For many agencies, their expenditures on goods and services are at the heart of the execution of their missions. Some (like NASA) spend almost 90 percent of their appropriations on external providers, primarily contractors. Other agencies, such as the USAID, spend similar portions of their funds through a combination of contracts, grants and other funding instruments. The magnitude of this spending deserves the organization's full attention and commitment, and the formal structure of an organization, including the placement of key leadership, is one way to reflect that attention and commitment.

Acquisition is an important management discipline. Congress recognizes the importance of ensuring senior agency leadership focus on acquisitions. Almost three decades ago it created the Office of Federal Procurement Policy. More than a decade ago Congress created the position of undersecretary of defense for acquisition, and made that individual the third-ranking civilian in the department's hierarchy. The position is no less important for other agencies whose mission is not war fighting.

Congress has created through legislation, and many agencies have created administratively, key senior management positions for federal agencies, such as the chief financial officer (under the CFO Act), the chief information officer (under Clinger-Cohen), the Department of Homeland Security Chief Human Capital Officer (under the Homeland Security Act), the directors of the offices of Small and Disadvantaged Business Utilization (under the Small Business Act) and even the inspectors general (under the IG Act).

The General Services Administration has properly created administratively a chief knowledge management officer and several agencies have created administratively chief technology officer positions to focus on that critical subset of their mission roles and responsibilities. There is also legislation pending to create a chief human capital officer for federal agencies, in recognition of

the importance of addressing the human capital needs of federal agencies. We recognize that every agency has different structures and needs. While others are in a better position to determine the exact organizational placement of the chief acquisition officer within each federal agency, we believe that the position of CAO, with authority for ensuring uniformity and accountability across agency activities, is critical. The position of the CAO must be senior enough to ensure that he or she has the requisite authority and influence across the agency.

Similarly, we support creating within the Office of Federal Procurement Policy a Center for Excellence in Service Contracting. If properly staffed, the office can provide critical assistance and guidance to all agencies to improve their successes and share best practices in acquiring needed services. Several agencies are already moving to create a single focal point for their services acquisition activities. For example, the Air Force has established a Program Executive Office for Services, and is also creating acquisitions centers of excellence to focus on the special techniques and procedures to be used when acquiring services. The Army centralized most of its services purchases in the new Army Contracting Agency.

A FOCUS ON PROCESS

The federal government is slowly upgrading the tools and techniques it uses to acquire services. Many of the best practices for services contracting, such as the use of performance-based contracting, have been around for decades. In fact, one of the earliest examples of a well-structured, well-executed, performance-based, incentive services contract was the 1908 Army award to the Wright Brothers for a "heavier-than-air" flying machine. It was a "best value" selection made from among three competitors and the low bidder was disqualified for an adverse past performance record! In 1992, the Office of Federal Procurement Policy issued an excellent guide to performance-based services contracting. In 1999, DoD issued an improved guide, and GSA and other agencies have issued an even better web-based guide to writing a high-quality statement of work for performance-based service contracts.

While progress is being made, it is vital that the methods and procedures that have been available to agencies for their purchases of "goods" also be available when they are purchasing services. As the services federal agencies acquire become more complex and technology-driven, it is particularly important that the agencies have the maximum flexibility to meet their mission needs, consistent with smart acquisition planning and responsible oversight and safeguards.

Many of the provisions in Titles III, IV and V of the bill are designed to do just that. For example, Section 301 explicitly authorizes share-in-savings contracts to be used as appropriate by both defense and civilian agencies. If implemented properly in regulations, and executed properly by agencies, this contract type could provide agencies with a unique means of achieving service delivery goals without the enormous up-front capital requirements that frequently prevent achieving those goals. As the General Accounting Office noted in their recent report to this Committee, there are federal programs in which these types of contracts have been used successfully, and the agencies should have access to this contract type when they (and the contractor bidders) find it appropriate to meet the agency mission.

Similarly, Section 302 creates a powerful tool for the agencies to create performance-based service contracts using annual term incentives.

Section 401 makes permanent the temporary authority that exists to treat performance-based contracts or task orders valued at less than \$5 million as "commercial items" eligible for the use

of special contracting techniques available for commercial items. We support making the authority permanent and government-wide. Nevertheless, the arbitrary ceiling under current law or under this provision may not serve the needs of the agencies, and may not attract certain companies and technologies to the federal marketplace. There has been limited use of the test program because of its short life. Neither the contracting officer nor contractor want to invest time and energy in such a limited program. While making that test program permanent is clearly a step in the right direction, more can and should be done to address the barriers to widespread use of commercial item purchases of services.

Section 402 acknowledges that many services federal agencies must acquire are best performed on a time and material or labor-hour basis. It is disturbing, in fact, to hear some suggest that T&M contracting is not a commercial practice. It is, in fact, a very common commercial practice. As a just completed survey of PSC member companies demonstrated, these contract types are used widely in the commercial marketplace, and should be available for use by the federal agencies as commercial items. We are now finalizing our report on this survey. Many of the specialized training needs of federal employees, such as simulators or airport screening, or for network maintenance and troubleshooting that we provide in the commercial and government marketplace, are examples of the types of services that might be most appropriately acquired as commercial items through these T&M or L-H contracts. Moreover, sometimes T&M contracting is used as a first, transitional phase, until the final, detailed problem definition and solution design takes place. In short, T&M is clearly used in the commercial sector and should be allowed in commercial contracting with the government.

In 1994, when the Federal Acquisition Streamlining Act was being considered, there was insufficient time to push for the inclusion of these types of contracts in the definition of "commercial items." Given the nature of services contracting at that time, it was an understandable, but in hindsight regrettable, trade-off. But times have changed, the nature and scope of services acquisition is evolving, and the law should be updated to provide agencies with a contract type that is most appropriate for their needs and consistent with commercial practices.

The bill provides for a limited designation of a company or division as a "commercial entity" and extends the scope of the law from a focus on "transactions" to a focus on the organization that is providing the service. Within PSC, we are discussing the proper measurement of, and threshold for, eligibility as an "entity" and the appropriate mechanisms for entering and the consequences of exiting those thresholds. Nevertheless, we endorse the concept of creating the "commercial entity" authority. There are many examples where the government was willing to look beyond a specific transaction for making a key determination of eligibility. Three examples are the definition of a "segment" to help a contractor assess the necessary coverage of the federal cost accounting standards; DoD's initiatives to create a "single process initiative" that permits a contractor's manufacturing facility to use a single set of processes and, with government permission, to override contrary specific specs and standards included in individual contracts; and the "other transactions" authorities already available for certain DoD and Department of Homeland Security activities that would be extended to the civilian agencies by this bill. We look forward to working with you and Congress to refine this important authority.

COMPETITIVE SOURCING

Among the issues not covered in the legislation that we believe appropriate for consideration by the Congress is that of competitive sourcing. Needless to say, the debate about competitive sourcing and OMB Circular A-76 has been heated and intense. In 2001, Congress directed the

Comptroller General of the United States to create an expert commission, that included the federal employee unions, industry, government, and outside specialists, to study current sourcing policy and to report its recommendations to Congress. The Commercial Activities Panel reported their recommendations a year ago, and key among the unanimous recommendations of the Panel was that public/private competition be conducted in a manner that treats all offerors fairly and considers both cost and non-cost factors. As I stated earlier, it is only under A-76 that best value is not allowed. I urge this committee to address this inequity by actively supporting efforts to bring best value contracting to all public/private competitions. In addition, I urge this committee to support the full implementation of the Commercial Activities Panel recommendations.

BALANCED PROCUREMENT

It is also time to begin a serious discussion about the ways in which the government's behaviors as a buyer drives and shapes the market for services. Needless to say, the impact is significant. Today, we see a number of procurement practices that, left unchecked and unaddressed, could result over the long term in a market that is much different than it is today.

Much of the discussion around balanced procurement is driven by the government viewing the federal procurement market in binary terms—there are small businesses and there are large businesses. In fact, this market is anything but binary; it is multi-layered, and its very diversity is one of its greatest strengths. Thus, when agencies such as HUD put in place radical requirements for any segment of the market—70% of all HUD contracting dollars must go to small business—it has a ripple effect on the marketplace and is a de-facto industrial policy. It is a policy that has had a devastating impact on some mid size companies for whom HUD used to be a significant customer; and it will have a similar impact on those small businesses it is designed to nurture when they prosper and exceed the small business size standard.

Likewise, we have seen other agencies where entire categories of work have been set aside so the agency can make its small business goals. Achieving those goals is, of course, important; but smart management means that they should, to the maximum extent possible, be spread across the agency.

But it is not just small business issues that are in play here. It is clear that the government has many procurements in which a major integrator capability is essential. Sometimes, however, there are alternative strategies available that address that need as well as create other opportunities for mid-size and small businesses - - but those strategies are rarely pursued.

The bottom line is that the government is best served by a robust, diverse and balanced marketplace. The government plays an important role in the shaping of that marketplace and whether it remains robust and diverse. Today, the future of a balanced marketplace is in question. It is time to address this long-term challenge now before the opportunity passes us by.

INTELLECTUAL PROPERTY

The impact of the federal government's statutes and regulatory approaches to the treatment of intellectual property, particularly as they apply to the acquisition of services, merit mention, and possibly future administrative or legislative action. In the last Congress, this Committee launched a review of this matter, and held important oversight hearings. PSC was pleased to

testify at these hearings and we support a comprehensive review of the current state of practice on intellectual property affecting services.

CONCLUSION

Mr. Chairman, members of the Committee, services contracting is now the predominant type of acquisition purchase in the Federal Government. But we have not brought the law, the regulations or the acquisition workforce up to date with the marketplace.

In effect, we are asking agencies to acquire services using hardware rules.

The Services Acquisition Reform Act (SARA) recognizes the new realities of the federal marketplace. It has a proper focus on the three pillars of success for services: people, structure and process.

While adjustments can be made to some of the provisions, and other provisions should be added, the Professional Services Council is a strong supporter of the bill in its present form. It deserves prompt passage by this Committee and the Congress.

Thank you for the opportunity to testify. I would be pleased to answer any questions the Committee has.

Navigating a Changing Landscape towards Acquisition Excellence

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THE PSC PROCUREMENT POLICY SURVEY

For the past decade, the federal procurement process has undergone significant, in some cases seismic, changes. The acquisition reforms of the 1990s, include a focus on best value acquisitions and past performance, the emergence of new, streamlined acquisition vehicles, such as the GSA schedules and dozens of multiple award contracts for services of all kinds, commercial buying authorities, and much more. These reforms have all served to substantially alter the procurement landscape.

Today, acquisition “reform” is a term rarely heard-- but that is not to say either the imperative or support for it has disappeared. Instead, the focus of the current administration is on implementing the reforms already in place and, in some areas, rethinking reforms to determine, according to OFPP Administrator Angela Styles, “which reforms are working and which are not.”

This type of review and rethinking is a common component of many transformational initiatives for both the government and private sector. This also gives opportunities for the re-ascendancy of forces and individuals who did not support acquisition reform to resurface their concerns and even regain the edge on key reform initiatives. The recent debate over regulatory activity resulting from Section 803 of the FY2002 defense authorization bill arguing that all purchases off the GSA schedules be required to be firm fixed price, is but one example. As such, across much of government and industry, concerns are emerging about possible rollbacks of many of the reforms of the last decade.

Today, there is a palpable tension between implementing the reforms of the last several years, reviewing and/or rescinding them, and helping an overworked and often undermanned acquisition workforce achieve their mission in an efficient and effective manner.

The administration is also embarked on an ambitious and important initiative to dramatically increase the competitive sourcing of commercial activities currently being performed by federal employees. As one of the five pillars of the President’s Management Agenda, competitive sourcing has achieved a new level of prominence in government management and, not surprisingly, Congressional oversight. The challenges associated with the competitive sourcing initiative are clear and include not just parochial political concerns emanating from Congress. There are also questions of skill sets and resources necessary to effectively execute the agenda, push back from those who oppose the expanded focus on competition and possible outsourcing, and a competitive sourcing process (A76) that is, as the Commercial Activities Panel said “fatally flawed.”

Against this backdrop, the Professional Services Council (PSC) conducted a survey of about two-dozen senior government procurement executives and other expert observers within the government and General Accounting Office (GAO). The objective of this survey is two-fold: to gain a better understanding of the challenges government procurement executives perceive to be most significant in their agencies, and to gain better insight into the policy trends and how they might impact the PSC membership. The goal of the survey is to gain a high level perspective on the key procurement policy issues that are likely to dominate the landscape in the years ahead.

PSC teamed with member company Grant Thornton for this survey effort. Interviews were personally conducted by PSC representatives drawn from a pool consisting of volunteers from Grant Thornton, the PSC staff, and several other PSC member companies (*Appendix D*). The interviews themselves lasted an average of 45 minutes. The Grant Thornton team collected, analyzed and categorized all survey results. The survey does not represent a scientifically valid sample and was not intended to be a quantitative tool. As such, the results are presented here in discussion form and the survey’s value lies primarily in its ability to surface the principal concerns of our industry’s customer base.

The survey results revealed three broad categories into which the majority of challenges of the procurement executives fall: (1) workforce/human capital; (2) best value and performance-based contracting; and (3) concerns with/antipathy toward the competitive sourcing process.

None of this is new. But it does serve to point out that despite the major and important reforms and changes of the last decade, we still have a long way to go. While many in industry and some in government are concerned about possible rollbacks of those important reforms, the biggest issue for procurement executives, and the community they represent and lead, is one of mission execution – getting the job done.

HUMAN CAPITAL

Retirement

The Coming Exodus

Human capital is a major concern for government managers. It is not a single issue, but a plethora of people-related issues and concerns that represent the government's most significant challenges.

First and foremost is the upcoming exodus of acquisition professionals. Across government, 50% of the acquisition workforce will be retirement-eligible within the next five to seven years; and that workforce has already been reduced through downsizing and FTE ceilings. Over the last decade, the Department of Defense (DoD) has had nearly a 75% reduction in acquisition professionals aged 26-32, which leaves enormous experience and knowledge gaps behind the exiting workforce.

There are mixed feelings among the various agencies on how to view the projected mass exodus of acquisition professionals in the upcoming years. Some are fearful of a negative impact due to a reduction in the number of professionals available to fill critical acquisition management roles, while others view this as an opportunity to integrate new responsibilities and hire in a rejuvenated workforce that brings with it the more business-like approach that is the hallmark of the "new" acquisition professional being sought by government.

However, even with that optimism, there is still some concern about the availability of an "adequate pipeline" from which to recruit the needed staff. Several agencies strongly support intern programs to "grow their own" while others are contemplating the option of getting industry involved to help identify resources.

Many executives confirmed as well, that there remains a concern within DoD and other government agencies that the acquisition workforces have not yet achieved the prominence they deserve and require. At DoD, the road to acquisition success is still perceived as going through major programs, rather than services acquisitions. Those executives reiterated their strong feelings about the need to elevate services contracting positions to equal importance as those that support weapons systems acquisition actions.

Recruitment/Retention

As recent surveys and analyses have clearly demonstrated, the government is not an employer of choice, particularly in most professional career fields. This appears to be true in acquisition as well, even though government acquisition offers challenges and opportunities comparable to those in the private sector. However, a hiring system that continues to make actual hiring almost impossible, a compensation and reward system that does not widely recognize performance and talent over longevity, and the continued criticisms and second-guessing of the acquisition community all serve as strong disincentives to potential new entrants. In short, the same personnel problems that beset the bulk of the government are also prominent in the acquisition field.

On the retention front, agency leaders' concerns are split between having to offer recognition and compensation comparable to industry and offering job satisfaction and growth comparable to other federal agencies. Some agencies feel they are losing good staff to other government agencies because they cannot offer growth opportunities or challenging programs to work on. Furthermore, there is some concern that the civilian workforce feels threatened by the retiring active duty military personnel coming into the civilian acquisition billets now that salary caps have been relaxed.

But again, the real concern is the exodus of institutional knowledge and expertise, through both retirements and early departures. Frustrations with the system and the workload are seen as significantly hurting retention efforts. With the recent permanent extension of “early out” authority, that problem could be exacerbated even more.

New Roles & New Challenges

Most of the interviewees spoke extensively about the changing roles of the acquisition professional, particularly government contracting officers. While much has been said for several years about transforming the acquisition workforce into trusted business advisors, the theme is now a primary focus throughout the federal government. No longer, say the procurement executives, is it sufficient to simply perform the traditional functions related to administration and oversight of contract solicitation and award. Instead, today’s acquisition workforce needs to be “business savvy” and focus on being the program manager’s partner in achieving the desired program results.

At the same time, it is clear that acquisition leaders remain frustrated by the slow pace of acceptance of contracting professionals as “business advisors”. For example, most of the experts concur with the push for more performance-based contracting. It is also widely recognized that without the involvement and support, from the beginning, of the customer/requirements, financial, legal and other communities, Performance Based Services Acquisitions (PBSA) cannot be effectively implemented. The irony is that even where contracting officers may have gained enough respect and support to be entrusted with the responsibilities and challenges associated with being business advisors and managers, those from whom that trust and support emanates remain less involved in the full acquisition process than is needed.

Emphasis on new procurement techniques

Business Managers

In traditional acquisition workforce environment, one does not get strategic thinking, one gets tactical action. However, some survey participants indicate that more procurement executives in the federal marketplace are being asked to encourage creative thinking in their acquisition workforce as Contracting Officers are challenged to think outside of the box and look for innovative ways to support the needs of the program management staff. Using industry models as their standards, federal procurement executives from both civilian agencies and DoD say that acquisition workers are increasingly trying to break free from their administrative burdens for more time to become the “business solution provider” for their Program Managers. In addition, several executives indicated that care must be taken to prevent a rollback of “good” legislation enacted over the past few years which has reduced oversight and allowed for greater efficiencies and, in so doing, enabled some of this “freeing”.

It doesn’t stop with the contracting office. Procurement executives indicate that the Program Managers, particularly in DoD, are learning to become reliant on their acquisition counterparts and accepting them as valuable team contributors rather than bureaucratic roadblocks. While DoD agencies have been more likely to adopt this concept in the past on major weapon system acquisitions, the smaller acquisition teams within DoD as well as the civilian agencies are now attempting to position themselves to adopt this new role for the acquisition workforce. However, as previously noted, this integration, as noted earlier, remains slow in the civilian agencies. In some civilian agencies, when one asks contracting professionals about the role of relationship to program managers, the contracting professionals sometimes respond “what Program Managers?”

Training and Education

As PSC has long advocated, the quality and depth of training available for government acquisition professionals is integral to the government’s ability to retain top level talent to transform the acquisition professional into a true business advisor. Training issues are focused on three areas:

1. Determine the skills that need to be trained,

2. Identify who will provide the training and how training will be made available to the workforce, and
3. Designate who will need to be trained in what skills.

This is an area of serious weakness in the government, despite numerous efforts to address it in the past. Resources, particularly within the civilian agencies, are woefully lacking, and it is not clear that the available training has kept pace with policy changes and proven best commercial practices. As such, education and training is a priority that was cited by virtually every procurement executive interviewed, and optimism did not reign.

There were a number of opinions expressed on how the training is provided and who should be doing the training. Several agencies rely on the Defense Acquisition University (DAU) to provide the training and are optimistic that the upcoming changes to the curriculum will address all of the current shortfalls. Some other agencies believe that they have sufficient training programs in place now but still express concern on how these programs can be most effectively employed to support the anticipated large turn-over in the workforce

Traditional skills training/foundation

The question of “who” needs to be trained is a central one, particularly in the civilian agencies. In DoD, the acquisition workforce definition includes not just contracting officers, but professionals in a range of acquisition fields, including program management, research and development and more. This is typically not the case in the civilian agencies, where program managers may or may not have any formal acquisition experience or training. Additionally, procurement executives believe that financial management personnel need to be included in the training programs. Successful implementation of services initiatives and team integration requires comparable levels of professional understanding of the requirements and issues across the board.

Training on Emerging Trends

Having industry play a greater role in providing training was also discussed and some procurement executives saw an added benefit of such cross-training being a reduction of the “us versus them” mentality that is sometimes evident in the acquisition, program management and financial management workforce. It was even suggested that an industry exchange program not just for acquisition workforce professionals but also program management and technical personnel would provide invaluable hands-on training and experience. This type of exchange program has been proposed by both DoD and, in testimony in 2001, by PSC, but remains elusive. Union opposition and concerns about possible conflicts of interest have continually sidetracked the initiatives. However, the government’s new “Digital Tech Corps” initiative, which will involve industry exchanges in the high tech/IT area, could set the example for additional changes.

Overall, the interviewees’ responses reinforce a long-held concern that the government continues to struggle to agree on an overarching educational architecture, leading to wide disparities in both acquisition workforce quality and policies. Interestingly, several procurement executives indicated a desire to have a single government-wide leadership activity designated to set training plans and standards for individual training of all acquisition related billets. Such government-wide training would incorporate lessons learned and could assist with more uniform performance levels across the DoD and civilian agencies.

Business/management training

The question of determining what skills need to be taught is driven by individual agency beliefs on whether or not existing staff has sufficient technical skills.

However, across the board there was a general consensus that training is needed in key services acquisition areas such as best value, competitive sourcing under OMB Circular A-76 and performance based acquisitions.

Doing More with Less

Many of the procurement executives recognize that they are asking their acquisition workforce to do more with less. Many of the recent legislative initiatives helped reduce the administrative burdens to allow this to happen but if these are rescinded or rolled back, the reduced acquisition workforce will be inadequate to support the needs of the government. Additionally, implementing programs that ultimately gain efficiencies and/or improved performance also have the possibility to increase the workload. And finally, while the shift towards a more integrated business-like advisor role for the acquisition professional is undoubtedly a positive move, it again places a greater demand on their time.

One procurement executive is looking towards outsourcing the administrative functions associated with the acquisition professional's responsibilities. Tasks such as processing invoices, filing documentation and producing documentation are all areas that are being questioned as not "inherently governmental". The rationale is that if these tasks are removed from the acquisition professional's daily responsibilities, they will have more time to focus on those tasks that are core. However, several executives expressed a concern that the Section 803 appropriation requirements will actually place an even greater burden on the acquisition workforce.

IMPLEMENTATION OF BEST VALUE AND PERFORMANCE-BASED CONTRACTING

The procurement executives interviewed also had concerns about the quality and scope of implementing best value and performance-based contracting strategies. While few questioned the wisdom of these approaches, there were a wide variety of opinions about the scope and effectiveness of implementation in both areas.

Their concerns addressed the legitimate need for effective performance metrics, the need to expand the inventory of performance incentives and the need for functional training to assure consistent application of these principles

Understanding Best Value

While a few executives indicated that there was a good understanding within their workforces of what constituted a "best value" the majority of those interviewed believe that there is a general lack of practical experience in this area that cannot necessarily be overcome with traditional training. Some described best value as a cultural issue rather than a training issue, with hands-on experience being the key to effective best value approaches. Others felt that the lack of effective training contributed to the inconsistent applications of "best value" contracting. There was a general recognition that best value procurement must rely heavily on quality-based factors such as past performance while maintaining cost as an important discriminator. At the procurement executive level, best value is most often defined as "that which best meets your needs at the moment." There also is a common view that purchasing services as a best value procurement involves different criteria than that typically used for procuring weapon systems and other products or hardware. As a practical matter, most of the best value experience has evolved from major system acquisitions and experience continues to be thin when applying these principals to the acquisition of professional services. Additionally, limited budgets often make cost more important thus distorting the tradeoff between price and performance in the best value equation. An additional concern was expressed about past performance grade inflation in evaluating quality-based criteria. "There seems to be an increasing tendency to rate contractors in the center of the scale thus minimizing our ability to discriminate among contractors" It was suggested that past performance not only include measuring obvious contract compliance data, such as, deliveries made on schedule, but to also assess how well the service or product performed over time.

When questioned about the results achieved with best value procurements, most procurement executives listed some or all of the following outcomes: lower cost, higher quality, faster delivery, more innovation, and excellent deliverables with extended usefulness. However, to achieve these results, executives acknowledged that those best value criteria that clearly define the requirements must be developed jointly between the program and acquisition workforces. Training seems to be more available to the acquisition professionals but seems to be particularly limited for the program management representatives. In some cases procurement executives indicated that much of the practical training for program management in the area of “best value” comes from their working with the acquisition professionals. It is often particularly difficult to get a well-defined performance work statement for many program management requirements. It was recognized that when the acquisition workforce is engaged early in the requirement definition phase we see higher quality best value procurements. It was suggested that the Defense Acquisition University (DAU) best value training should be required for both acquisition and program personnel.

The discipline associated with best value contracting was recognized as an important factor in reducing technical leveling. This was particularly empathized as an attribute when the contractors are solicited to develop performance metrics and to propose performance based work statements. While this process is a byproduct of the government inability to identify effective performance based metrics, it does encourage contractor innovations in defining and measuring the requirements end state. Such an acquisition environment results in the government evaluating potentially divergent solutions thus complicating the trade off between cost and quality based performance factors. Increasingly, industry best practices in this area lead to retention of outside experts to help develop both process models and to help evaluate solutions. This practice can help an organization better understand solutions beyond their experiential realm. Moreover, it enables the acquisition team to seriously consider solutions that are genuinely “outside the box”. However, outside of some examples in the IT arena, the practice remains fairly limited in government. It was largely recognized that best value contracting yields higher quality for a slight cost premium. Best value represents a dramatic change in culture for both the acquisition and program resources. “Best value” was characterized by one procurement official “as developing a partnership in performance, to satisfy the requirement versus a more traditional low cost source selection where most activities are spent managing by contract.” Another agency executive suggested that the best value criteria should tie back to helping the agency meet its goals and improve its scores under the Government Performance and Results Act (GPRA).

Finally, procurement executives generally believe that best value is not just an acquisition method utilized in competition. They believe it should be a concept applied throughout the acquisition lifecycle. While there appears to have been significant advances in implementing the best value concept in larger procurements, it is not evident that this practice has flowed down to smaller procurements. Nor is it evident that the best value concept is being followed through the use of performance measurements after contract award. It was recognized that “best value” tradeoffs have not worked well in past public private competitions. The speculation was that as OFPP revises their existing OMB circular A-76 we might have more effective process that improve the application of “best value in such requirements.

Effective Use of Performance-Based Requirements and Strategies

As procurement executives have mixed opinions on the successful implementation of best value, they are hesitant to claim success in the area of effectively determining performance-based requirements. Again, a dichotomy between the larger procurements and the smaller procurement actions is evident. Larger procurements tend to have better defined performance-based requirements, in part because there is more highly trained and experienced acquisition personnel dedicated to the action.

This represents a particular problem for the acquisition of professional and technical services. The dynamic nature of service requirements tends to complicate the crisp definition of the performance-based end state. The complications added by professional and technical services acquisitions tend to make the establishment of performance metrics more difficult. As a practical matter these factors have driven some in the acquisition

community to solicit the contractors to propose performance-base metrics as part of their RFP response. This is an increasingly common practice in the private sector and is one some government agencies have begun to utilize. Indeed, several procurement executives suggested that market research and proposals from industry represent good sources of obtaining innovative ways to establish and measure performance. Unfortunately, some procurement executives were openly critical of any process where the metrics were not defined unilaterally by the government. Of course, in a true performance-based environment, if the government insists on dictating performance metrics on a unilateral basis, the degree of innovation offered in return will have been determined by a pre-conceived notion of what those metrics should be, rather than by the art of the possible.

Another area of concern was establishing and tracking strong performance measures. Many of the procurement executives interviewed indicated that they do not believe they, or their agency, are able to manage this vital aspect of performance-based contracting. There is a clear need for effective performance-based metrics that, together with well developed incentives, motivate outstanding performance. There was a suggestion that OMB establish centralized guidance on performance metrics. Others recognized that such metrics must be contract specific. Many felt that the inventory of performance incentives needs to be expanded. Several suggested establishing “share in the savings” approaches to help generate performance efficiency. There was a general recognition that incentive approaches like “award term” contracting should be expanded.

The lack of an integrated federal financial management/tracking system also was frequently identified as an inhibitor to implementing measurable performance incentives and metrics.

Many procurement executives also identified training as a problem. Like that expressed above for “best value”, practical experience was viewed as the most effective training medium. The recent efforts by GSA and others to develop performance-based models like the “Seven Steps” product are helpful to the process. It is an equally important priority to have the program office personnel effectively trained on performance-based processes. The lack of adequate training available to government managers responsible for oversight was another barrier cited. While Activity-based Costing/Management (ABC/M) was identified as a potential interim fix, there still needs to be a concerted effort to pursue a more permanent solution

There was a general consensus among procurement executives that performance-based contracting has superior advantages over traditional requirements. However, there was a concern that the search for success in this area avoid “one size fits all” approaches. This is particularly true where agencies “adjust” or “modify” existing contracts to “make” them performance based. In too many such cases, these efforts are much like putting square pegs into round holes. While the performance-based objectives being established by the government are appropriate, many procurement officials say they should avoid efforts to convert every contract to performance-based. There are some contract vehicles that permit the evolution of services requirements to performance-based after a period of time where the requirement can be properly defined and metrics established. And there are those that cannot endure such a change without materially and fundamentally altering both the contract and the underlying performance requirements.

Not surprisingly, some procurement executives believe that moving to more performance-based contract awards could create more work for the acquisition and program management staff, at least initially until the different “mindset” took hold. Additionally, some people see the government’s broader human capital challenges stifling the move toward performance-based requirements, since the acquisition workforce is in many agencies already over-burdened. Thus, procurement leaders, while remaining firmly committed to performance-based strategies are struggling to find ways to balance that commitment with the workload pressures being faced by their workforce.

CHANGE MANAGEMENT

Change management – and the lack of its application in government – emerged as an issue for many executives who recognize the key role it plays in successful competitive sourcing initiatives, acquisition policy decisions, and business process re-engineering. Nevertheless, change management remains an area in which the government has invested little, and only now is it gaining acknowledgement as a central challenge.

Acquisition reform initiatives, competitive sourcing, influx of a new workforce and change in workforce roles as a result of these actions are all underlying factors for the need to more proactively manage the changes occurring in the government workforce. Additionally, the push to form a workforce that has more management knowledge and business acumen is a key component in the change management process.

In the private sector, change management is now a widely recognized and robustly practiced professional discipline. It is utilized across companies and organizations to help ensure the relative rapid and successful application of change initiatives, from business practices to information technology. A number of the procurement executives interviewed clearly recognized the importance of change management in driving successful procurement and transformational initiatives, but they also acknowledged that its application in government remains rare.

The challenges of change management are most acute and evident in the information technology arena. The application of innovative technology-based and driven solutions inevitably leads to significantly changed processes and practices on the back end of application. As noted by several of the executives interviewed, the government rarely considers and develops a strategy to deal with that coming change. As such, too many applications simply fail to achieve the expected or desired effects because actual business practices remain the same, if still more efficient. In other cases, the government has procured technology and instead of driving change resulting from an application, has instead altered the application to adopt it to status quo practices and processes. As a result, costs skyrocket and the application's effectiveness are dramatically reduced. And while such challenges are most evident in the information technology/business process re-engineering environment, the same disciplines and impacts exist elsewhere as well.

Change management is also a critical component of Performance Based Services Acquisitions (PBSA). Indeed, successful PBSA initiatives are those that not only open the door to innovative proposals and solutions, but are also those in which the various affected communities (contracting, requirements, financial, legal, et al) are brought together early and often. Such an "IPT" approach enables and facilitates buy-in from the stakeholders that is the first step toward effective change management. While the change objectives need to be driven from the top, the means of achieving change must be a collective effort. As such, its role in many areas of government acquisition is both growing and significant.

Real change management requires significant change in current business and organizational practices, the processes that support them and more, including position descriptions and workforce roles. Managing change, strategically planning for it, and incorporating change into the day to day operations of an organization is among the greatest challenges institutions of all kinds face; nowhere is that challenge more significant than in government.

THE CHALLENGE OF COMPETITIVE SOURCING

President Bush has placed unprecedented emphasis on aggressively competing commercial activities throughout the government. The President's Management Agenda requires each agency to compete substantial numbers of commercial positions—5 percent in 2002, an additional 10 percent in 2003, and an untold amount in the out years—where the work currently is being performed by government employees. The current inventory of federal commercial activities has identified more than 450,000 positions eligible for competition. Thus, if the President's competitive sourcing goals were met, nearly 70,000 federal positions would be competed by the end of 2003.

However, the process has been slow to start and continues to face significant political and other roadblocks--thus, the goals have not been met. Many agencies have competitive sourcing plans in place, but few have actually executed a significant number of studies. Since the civilian agencies have done virtually no competitive sourcing to date, revving up competitive sourcing offices, training the requisite personnel, and identifying opportunities for meeting the competition requirements have all combined to cause the program to start very slowly. In addition, the political turmoil surrounding OMB Circular A-76, including both legislation (such as the Truthfulness, Responsibility, and Accountability in Contracting Act (TRAC)), and the parochial concerns of individual members of Congress, have placed an inordinate amount of pressure on the components.

At the Department of Defense, an aggressive competitive sourcing program has been in place since 1998, when, under the Defense Reform Initiative, the military departments committed to conducting competitions involving more than 200,000 positions, both military and civilian. However, the pace of competition at DoD has slowed over the past two years as bureaucratic and field resistance has grown, and leadership antipathy to the existing A-76 process has led to numerous study cancellations or delays. The coming base closure round also has exacerbated the problem.

Finally, the Congressionally mandated Commercial Activities Panel (CAP) that was created to offer recommendations on sourcing policy and A-76, issued its report on April 30, 2002. On November 18, 2002, OMB issued its proposed revisions to A-76 in response to the CAP report. That six-month delay caused a de facto moratorium, as agencies and organizations alike waited for the imminent changes to the circular. Now that those proposed changes have been released, parties on all sides are studying the proposal and determining how to go forward under the new rules. PSC's detailed comments can be found on the PSC website (www.pscouncil.org).

Against this backdrop, all agencies remain under pressure to develop and implement substantial competitive sourcing programs. All are struggling to varying degrees. In our interviews with senior procurement officials across government, the comments and concerns relative to competitive sourcing were many, varied, and for the most part, unsurprising. There was a clear sense that the recommendations of the Commercial Activities Panel (that the current A-76 be replaced with a FAR-based process) could work and would improve the process, although a minority believed otherwise. There was much discussion of the innate tensions within A-76 between strategic needs, manpower goals, cost reductions, and employee morale and concerns. And, of course, there was also much discussion of the political ramifications and challenges presented by the competitive sourcing agenda.

Most of all, the survey revealed that within the government, acquisition professionals and others responsible for competitive sourcing are focused on the tactical question: "How am I going to get this done?" While there was some philosophical and strategic discussion, the bulk of the input on competitive sourcing revolved around the practical execution challenges, whereas within industry, much of the focus has been on strategy and process. For government acquisition professionals, learning the "language" of A-76 and executing large numbers of studies in a relatively short time is a challenge. Even under the revised A-76, which relies more

directly on FAR rules and processes, there remain a number of unique aspects of public/private competitions that will require significant training and orientation.

The following are summaries of the top challenges and concerns raised by the interviewees. In general, it does seem that the will exists to take on the challenges of competitive sourcing and to use the process as a tool to genuinely improve the performance of government. But the barriers are many and difficult.

Smart Management, Tough Politics

Senior procurement officials and observers are all too aware of the heated politics associated with competitive sourcing and any efforts to significantly transform government activities. Most are clear in their desire and commitment to move forward, but they feel threatened and stymied by the maelstrom.

Numerous respondents pointed to the debate in Congress over the TRAC Act, the continued involvement of individual members of Congress on specific competitive sourcing actions, and the political clout of the federal employee unions as major barriers to progress. One procurement executive said his agency was looking at alternatives to A-76 as a means of “minimizing the political backlash,” a view reiterated in different terms by others as well. A number of executives also expressed the desire to be innovative and to take a more strategic perspective on sourcing, but they also expressed frustration that the political environment inhibits, even prohibits, such actions. Agency officials often feel buffeted between the administration’s pressure to utilize competition more aggressively, and a parochial political environment that makes doing so exceptionally painful.

Head counting vs. Strategy

Industry strongly supports the administration’s focus on competitive sourcing. The President’s Management Agenda is widely seen as an important tool for driving much needed change in government and for energizing a largely moribund competitive sourcing program. Among the survey interviewees, however, the principal concerns lie not with the President’s agenda, but with the inherent difficulties in executing it.

Few executives we interviewed expressed any opposition to competing commercial activities, but many expressed real frustration with the process and with the focus of their agency leadership. One procurement executive said that competitive sourcing is nothing more than “a manpower exercise,” designed to cut costs and organic federal jobs. Another pointed out that the A-76 process is not currently aligned with agency missions. Still others expressed their frustration at not being able to simply outsource obvious functions and focus their attention on core mission requirements.

Others expressed concern about the practical and political difficulties of separating government activities into the three categories required by the Federal Activities Inventory Reform Act (FAIR) – inherently governmental, core, and commercial. In this alignment, inherently governmental is work that must, by law or regulation, be performed by government employees. Core functions may be commercial in nature, but represent functions for which at least some residual capabilities must be retained in-house to help ensure the adequate integration and application of outsourced solutions. The remaining commercial work represents the lion’s share of the FAIR Act inventories. Attitudes toward how much core work must be retained, and how much of the FAIR Act inventories should be competed, vary widely. There is considerable confusion and concern about how to make such determinations. In addition, there is concern that these decisions are management decisions that have been devolved to the acquisition community.

The concerns go beyond balancing inherently governmental against core and commercial or “competable” functions. There is frustration with the A-76 process itself, and its dominant focus on personnel levels and direct functional cost—a fact that inhibits, and actually can prohibit, broader enterprise-wide analysis. This fundamental conflict between strategic, organizational performance and A-76’s reliance on low cost and

manpower is a frustration shared by both industry and many of the interviewees. As one interviewee put it: A-76 is an exercise in “risk aversion,” in that it doesn’t facilitate the kind of tough, innovative management analyses and actions that are needed to drive performance. Instead, it relies on a formulaic, non-strategic process to make sourcing decisions. Interviewees pointed to examples of innovative, transformational activities (e.g., Navy-Marine Corps Intranet and National Security Agency Groundbreaker), as cases where this challenge was overcome. But they also recognize that getting there is exceptionally difficult. And there is continuing concern that the revised A-76 process will not do enough to address this challenge.

The FAR as a Fix

Although the interviews for this survey took place prior to OMB’s November 18, 2002, issuance of the proposed revisions to A-76, there was a significant amount of discussion about the recommendations of the CAP and the viability of a FAR-based process for public-private competitions, a key recommendation of the CAP. With few exceptions, the interviewees expressed the belief that such a process is viable and would represent a real improvement over the current A-76 construct.

Many expressed frustration at not being able to conduct best value competitions under current A-76 rules and believed that moving to a FAR-based process will help address that weakness. There also was a common view that because the acquisition community better understands the FAR, applying it to public-private competitions would improve the workforce’s ability to manage such competitions.

Significantly, a number of interviewees also addressed the question of post-award accountability of in-house activities. While concerns related to contract management also are evident with regard to competitive sourcing and A-76, there is a sense among a number of procurement officials that there is an equal or greater challenge associated with post-award management of in-house activities.

For those respondents, this concern is something of a double-edged sword. The current A-76 provides only minimal, formal post-award management requirements for in-house activities, thus limiting visibility into whether in-house organizations are performing to the level and cost expected. According to many respondents, a FAR-based process, that includes a more formal and structured post-award oversight requirement, could and should enhance that management. On the other hand, there is concern about the workload that would be added to the acquisition workforce when and if more formal, contract-like management were to be required for in-house activities that win competitions. Similarly, whether the process is FAR-based or more like the traditional A-76, the issue of training people—both acquisition and non-acquisition professionals – and the workload associated with competitive sourcing, is widely viewed as one of the most critical and difficult challenges ahead.

People

The heart of the competitive sourcing issue comes down to people. This theme was repeated constantly during the PSC survey. There is wide recognition that the competitive sourcing agenda—and the way it is both communicated and carried out—creates workforce turmoil and morale problems. A number of respondents also pointed directly at the federal employee unions and their political influence as key drivers in the debate, although not all were critical of the unions.

There are concerns about how A-76 treats employees, and many interviewees expressed a wish to pursue alternatives to A-76 such as NMCI or NSA Groundbreaker as a means of “advantaging” the workforce. There was a clear recognition among several interviewees that the way in which these particular initiatives were undertaken was sensitive to employee issues and provided clear opportunities for employees. As such, the fear associated with the process was largely dissipated.

While few interviewees offered any one solution to this problem, many made clear that they believe better and more frequent communications, more flexibility in determining how to undertake competitions, and the addition of incentives for the federal workforce are all important elements. Such incentives include a form of “gain sharing” for government activities (similar to award fees in the private sector), and more openness to new and different forms of public/private partnerships.

The bottom line is that everyone, on all sides of the issue, recognizes that the *people* issues must be addressed. This does not mean that the competitive sourcing agenda should be reduced or eliminated. What it means is that more open communication and more flexibility must become a part of the process.

Appendix A—About PSC

Founded in 1972, PSC is acknowledged as the leader of the professional and technical services industry, the fastest growing sector in the government market. Today, the imperative for government reliance on the private sector is greater than ever. Given the many challenges the industry faces, so too is the imperative for strong, focused leadership greater than ever.

From the battles to foster more outsourcing and privatization, to the ongoing challenges associated with improving the government's procurement, finance and cash flow practices, as well as its access to and application of technology-based solutions, PSC is, as an advocate for its members and a vital resource for both industry and government.

PSC's membership comprises a unique cross-section of the technical and professional services industry, including IT, engineering, consulting, research and development, international development, operations and maintenance, and more. Roughly 65 percent of PSC's members are in the defense market, but more than 50 percent have significant involvement in the civilian agency market as well. Just as PSC's membership is unique among associations for its diverse scope, so too is the association's leadership on acquisition and outsourcing issues across the government.

Despite the diversity of its membership, PSC's mission is simple and focused: Expand the government market for professional and technical services providers and work aggressively to foster a business climate that enables fair competition, best value for the government and the taxpayer, and a thriving partnership between the public sector customer and the private sector provider.

For 30 years, PSC has been the voice of the technical and professional services industry. Today, our voice is louder, more effective, and more vital than ever before.

Appendix B—Survey Questions

Key Issues

1. What are the top three issues/initiatives facing your agency/organization?
2. Are these personal, or organizational views?
3. What do you perceive as potential issues in your agency for the future?

Competitive Sourcing

4. Which areas is your agency looking to pursue competitive sourcing studies?

***Ask about overview of the number of FTEs to be studied by functional area.

5. What are your views on alternatives to competition under OMB Circular A-76?
6. Does your agency have any internal guidance to pursue alternatives?
7. What are your views on the Commercial Activities Panel report? How has it impacted your competitive sourcing program, if at all?

Best Value

8. How is your agency applying “best value” in your procurements?
9. Do you believe you are receiving best value after award?
10. What are the benefits to “best value” awards? (lower cost, faster delivery, higher quality)
11. Are you aware of the extent that best value awards are going to other than lowest price?
12. Do you feel that the government workforce has adequate training to effectively implement the best value approach?

Past Performance

13. What resources are you using to evaluate past performance during the proposal process?

14. Do you have on-going procurements that require periodic performance review?

If so, how are those utilized in new awards?

15. Are you aware of any other methods to gain accurate and meaningful past performance information?

Acquisition Workforce Training

16. To what extent has your agency been impacted by the “acquisition workforce crisis”?

17. What are you doing to address this issue?

18. Do you believe your agency has an effective training program to prepare for large turnover?

19. If not, how would you modify the program to provide a broader, more comprehensive program that takes into account all of the reform initiatives in the acquisition arena?

Service Reform Initiatives

20. What issues do you see as barriers to more effective and efficient services acquisition?

21. Do you believe these issues will be adequately addressed by any of the current initiatives?

22. What about contracting initiatives—do you believe there would be any improvements to the services being delivered to your agency if there were some type of alternative incentive offered?

If so, what type of incentives would you see as having the greatest benefit?

Multiple Award Contracting

23. What percentage of your agency’s contracting actions is accomplished through a multiple award contract vehicle?

24. To what level do you believe the Defense Authorization Act, Section 803 requirements have, or will, affect these procurements?

Workforce Interactions

25. How well does your acquisition workforce interact with your program management workforce?

26. Do you believe there are significant communication opportunities for the acquisition workforce to become better business advisors to the program manager?

27. Do you think your acquisition workforce could better support the program manager?

ALTERNATE #8—CHIEF “X” OFFICER (i.e., Executive Level) INTERACTIONS

I. Where within your agency is your position placed, and what level of access do you have to the agency head?

II. Do you believe this placement provides an adequate level of access to the agency head?

III. Are you afforded the opportunity to work closely with other area leaders in your agency, i.e., CIO, CFO, and Chief HR?

Appendix C--Interviewees

Mr. Tim Beyland
Services Program Executive Officer
U.S. Air Force

Mr. Bert Concklin
Director, Competitive Sourcing
Internal Revenue Service

Mr. David Drabkin
Associate Administrator for
Acquisition Policy
General Services Administration

Ms. Mary Ellen Fraser
Professional Staff Member
House Armed Services Committee

Mr. Paul Grant
Command, Control, Communications
and Intelligence
Department of Defense

Mr. Bill Greenwalt
Professional Staff Member
Senate Armed Services Committee

Mr. Barry Holman
Defense Infrastructure Issues Director
General Accounting Office

Ms. Claudia (Scottie) Knott
Executive Director, Logistics Policy &
Acquisition Management
Defense Logistics Agency

Mr. Gary Krump
Senior Procurement Executive
Department of Veterans Affairs

Ms. Deidre Lee
Director, Defense Procurement
Department of Defense

Mr. David Litman
Senior Procurement Executive
Department of Transportation

Mr. Thomas Luedtke
Associate Administrator for Procurement

Mr. Steve Mournighan
Deputy Director, Office of Procurement
& Assistance Management
Department of Energy

Ms. Margaret Myers
Acting Deputy CIO
Office of the Assistant Secretary of
Defense Command, Control,
Communications & Intelligence
Department of Defense

Col. Jeff Parsons
Director of Contracting
Wright Patterson Air Force Base

Mr. Michael Sade
Director of Acquisition Management
Department of Commerce

Ms. Angela Styles
Administrator
Office of Federal Procurement Policy

Mr. Mike Thibault
Deputy Director
Defense Contract Audit Agency

Mr. Gregory Walter
Director, Competitive Sourcing
Small Business Administration

Mr. Marc Weisman
Acting Deputy Assistant Secretary for
Grants & Acquisition Management,
Senior Procurement Executive
Department of Health & Human Services

Mr. Cory de G. Whitehead
Assistant Administrator for
Administration
Small Business Administration

Mr. Randall Yim
Director, Defense Capabilities &
Management Team
General Accounting Office

NASA Headquarters

Appendix D—Committee Members

PSC	Alan Chvotkin Monica McMillan Stan Soloway Renee Wentzel
Grant Thornton	Gail Bergantino Scott King Kristen Mattingly Diane Shute Andrea White Paul Wohlleben
Accenture	Michael Del-Colle Sharon Spigelmyer
ARINC	Glen Baer
Booz Allen Hamilton	Sylvie von Bostel
Computer Sciences Corporation	Mike Gaffney Wayne Kelly
Log.Sec. Corp.	Eric Thamm
Northrop Grumman	Vic Avetissian
QUALDELTA, Inc.	Michael Schall
SRA International, Inc.	Jeffrey Westerhoff